

## 2019 product transition and year-end processing dates

Earlier this year, we [communicated](#) that a new regulation for life insurance products requires insurers to use the 2017 Commissioners Standard Ordinary (CSO) mortality table and Principle-Based Reserving (PBR) for any policy issued after Dec. 31, 2019. Products that aren't compliant with these guidelines can't be issued after that date.

We've been busy preparing our portfolio for the changes. And we want to provide guidance to help you get your business placed for year-end.

**Use the table below for key dates to help ensure your Principal® business gets issued and paid in 2019. And remember that all non-CSO/PBR-compliant policies must be issued and paid by Dec. 31.**

Non-compliant products		Last day to receive formal application (and paperwork for 1035 Exchange cases*)	Last day to receive all requirements and premium, <sup>1</sup> and establish trust if trust-owned
<b>Discontinuing</b> These products will not be replaced and will no longer be available for sale after 2019	<ul style="list-style-type: none"> <li>• Universal Life Accumulation II</li> <li>• Universal Life Provider Edge</li> <li>• Benefit Variable Universal Life II (NY)</li> </ul>	<b>Nov. 11, 2019</b>	<b>Dec. 9, 2019</b>
<b>Replacing</b> New, compliant versions of these products will be introduced on or after Oct. 28, 2019 <sup>2,3</sup>	<ul style="list-style-type: none"> <li>• Term 2017</li> <li>• UL Protector IV</li> <li>• Survivorship Universal Life Protector II</li> <li>• Variable Universal Life Income II</li> <li>• Variable Universal Life Income III</li> <li>• Variable Universal Life – Business</li> <li>• Executive Variable Universal Life II</li> </ul>	<b>Nov. 11, 2019</b> (1035 Exchanges)  <b>Dec. 2, 2019</b> (non 1035 Exchanges)	<b>Dec. 9, 2019</b>
<p>* To guarantee the applied-for product, an initial premium must be received by Dec. 9, 2019. If 1035 Exchange proceeds haven't been received by that date, the exchange may continue, and when proceeds are received the values will be applied to the contract as of the current date. <b>Reissues to include all proceeds as of the policy date will not be allowed.</b></p>			
Compliant products		Last day to receive formal application, all requirements, and premium	
<b>Updated</b> 2017 CSO/PBR-compliant and available for sale <sup>2</sup>	<ul style="list-style-type: none"> <li>• Term 2020</li> <li>• Universal Life Protector V</li> <li>• Universal Life Flex III</li> <li>• Indexed Universal Life Flex II</li> <li>• Indexed Universal Life Accumulation II</li> <li>• Variable Universal Life Income IV</li> </ul>	<b>Dec. 9, 2019</b> (To get guaranteed policy issue by year-end)	

## Q&A

### **Does this regulation affect all life insurance products?**

Yes. All life insurers must comply with the regulation and ensure that any policy issued on or after Jan. 1, 2020 meets the 2017 CSO and PBR requirements.

### **Are there exceptions to allow a non-compliant policy to be sold after Dec. 31, 2019?**

There are no exceptions to the rule.

### **What happens if I have an app for a non-compliant product pending on Dec. 31?**

It depends on the product applied for:

- If one that's being replaced (refer to the first page of this communication for a listing of those), and the replacement product is approved in your state, we'll issue the replacement product.
- If the applied-for product isn't being replaced, or the replacement product isn't approved in your state, you'll need to tell us to either close out the case or indicate which compliant product to replace it with (note: additional requirements may be necessary for the replacement product). Contact the National Sales Desk at 800-654-4278 to assist in selecting a product replacement.

### **What if I have an app for a non-compliant product pending and awaiting 1035 Exchange funds?**

To guarantee the applied-for product, an initial policy premium must be received by Dec. 9, 2019 (this would be out-of-pocket client money). When 1035 proceeds are received, they'll be applied to the policy as of the date received.

**Note:** Things to be aware of in the situation described above:

- When an initial premium is paid to get the policy in-force and 1035 exchange values are received later, reissues to include all monies as of the policy date will not be allowed.
- We cannot refund the initial premium.
- Addition of 1035 proceeds to the policy may make it a Modified Endowment Contract (MEC).

### **Can a policy be backdated to save age with a date prior to Dec. 31?**

A 2017 CSO/PBR-compliant product placed in-force after January 1 may be backdated to a date in 2019 to save age if it meets the normal rules for saving age.

### **Will backdating be allowed after Dec. 31 to get a non-compliant product?**

No. Any policy placed in-force after Dec. 31 must be a compliant product. Requesting to backdate a policy to an effective date prior to Dec. 31 to get a non-compliant product is not allowed.

### **Will the compliant products being introduced be available in all states on Jan. 1, 2020?**

We're working hard to get the new, compliant products approved in all states. It's possible that with the volume of products being filed by insurers across the industry, there may be a few states where a product isn't approved at the beginning of the year.

### **Will in-force policy changes for 2001 CSO products require a rewrite to a 2017 CSO product?**

Requested changes provided for in the contract, such as face amount increases/decreases, death benefit option changes, and underwriting risk class changes will be processed as normal on the existing policy.

### **What else can I do to help my year-end go smoothly?**

- Take advantage of our Principal Life Online solutions—online Term application, online Part B, and eDelivery—to make the process quick and easy.
- Use your application platform of choice (e.g., Create App, iPipeline, etc.) to get a complete packet of the most current forms required for your specific case.
- Ensure paperwork is in good order by providing all required information and writing legibly.
- Use the Pending Business features available at [advisors.principal.com](http://advisors.principal.com) to view outstanding requirements and case status.

## Additional questions?

Contact the National Sales Desk at 800-654-4278.

<sup>1</sup> All final underwriting and administrative requirements for policy approval and issuance (including premium), and all final delivery requirements on policies that were conditionally issued.

<sup>2</sup> The replacement product for Survivorship Universal Life Protector II, Variable Universal Life – Business and Executive Variable Universal Life II are pending approval and will be introduced at a later date.

<sup>3</sup> Subject to state approval.



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